

General Instrument™

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May 27, 1998

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VIA HAND DELIVERY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M St., N.W., Room 222
Washington, D.C. 20554

RECEIVED

MAY 27 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Ex Parte Notice, RM-9244 / File No. CCB/CPD 98-15
(Petition of the Alliance for Public Technology Requesting Issuance of Notice of Inquiry
and Notice of Proposed Rule Making to Implement Section 706 of the 1996
Telecommunications Act)

Dear Ms. Salas:

This letter provides notice that on May 26, 1998, Dr. Charles Eldering, consultant to NextLevel Communications and the undersigned met with Commissioner Harold Furchtgott-Roth and Paul Misener, Chief of Staff and Senior Legal Advisor in connection with the above-captioned proceeding.

The discussion focused on needed regulatory reform to encourage investment in broadband infrastructure. The attached document was provided during the meeting and should be included in the record in the above-captioned proceeding.

Kindly direct any questions about this matter to the undersigned.

Thank You.

Sincerely,

Christine G. Crafton
Christine G. Crafton

cc: Above-named parties

Attachment

No. of Copies rec'd 022
List A B C D E

Removing disincentives for broadband deployment

**a presentation to Commissioner Furchtgott-Roth
May 26, 1998**

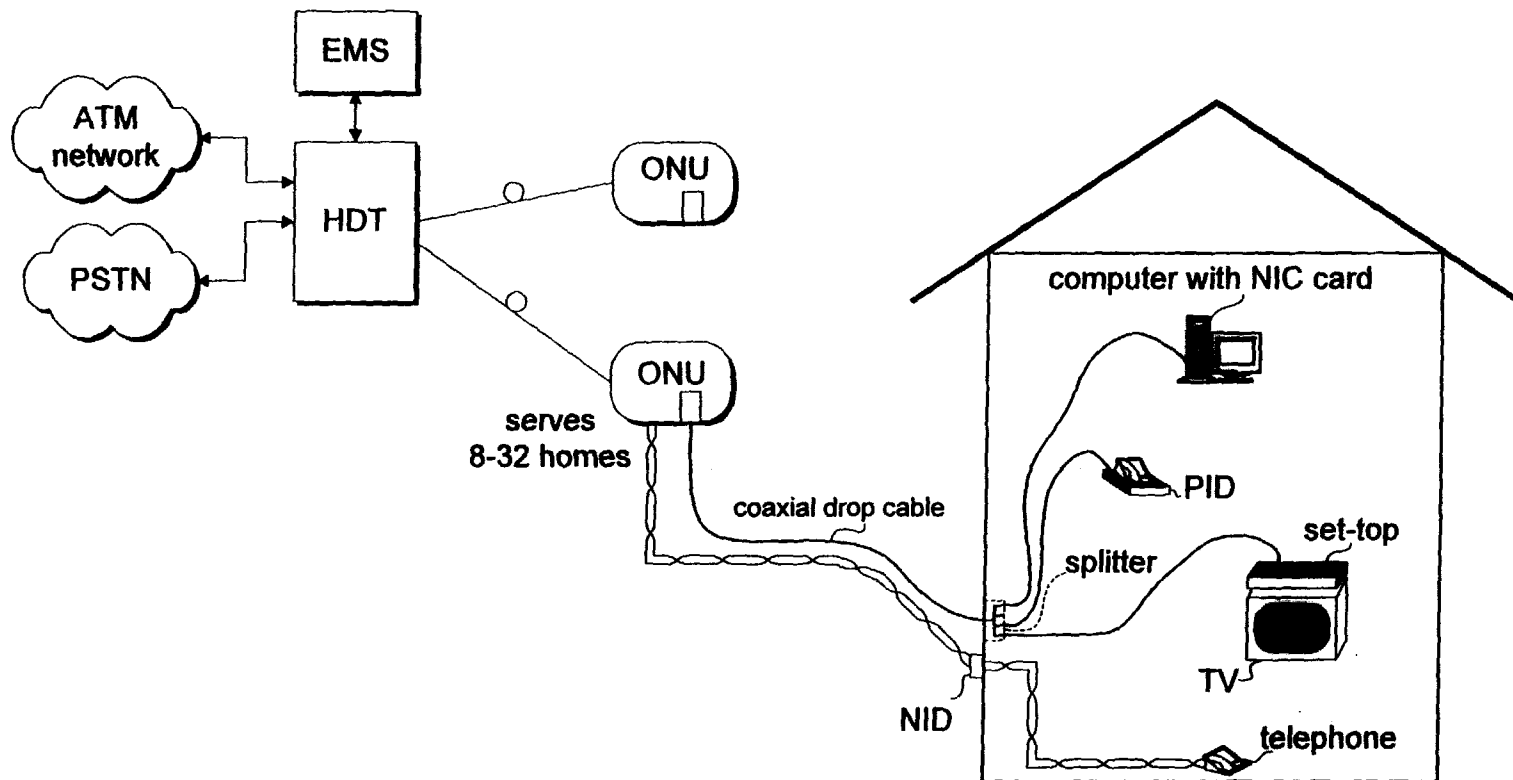


Charles Eldering, Ph.D.

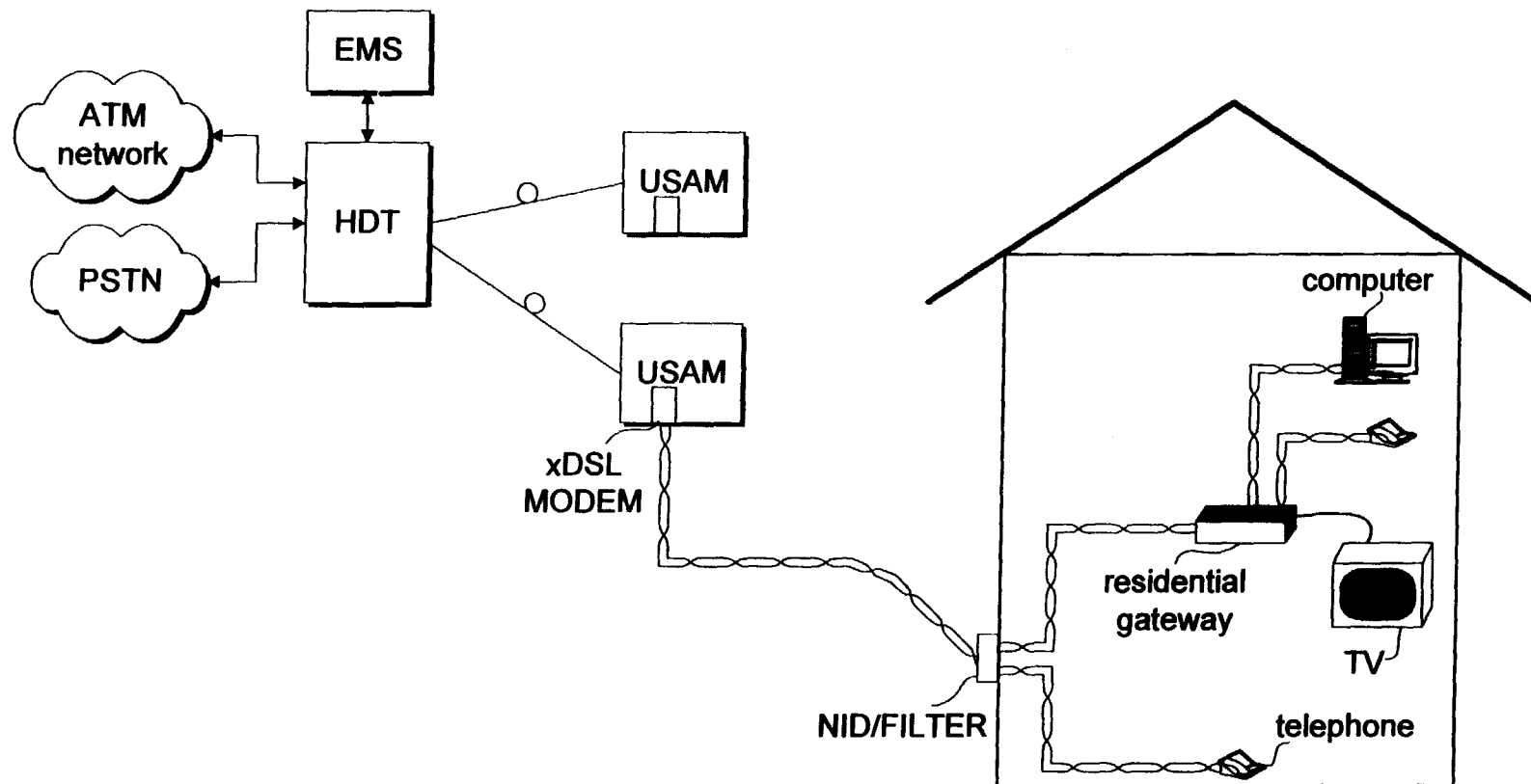
Consultant to Next Level Communications

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FTTC technology with coaxial drop cable



Twisted wire pair drop (xDSL) technology with a residential gateway



The Problem

- Economics of broadband - high speed data and digital video- are not the same as for narrowband services
 - *high broadband penetration rates are economically desirable, required by Section 706 of the Act, and will be based to a large extent on existing wired infrastructure*
 - *No economies of scale are available in initial deployments- only economies of scope*
 - *Broadband services require additional investment even when capitalizing on the existing twisted wire pair/cable infrastructure*
- Encouraging investment in broadband infrastructures requires
 - *Pure price caps for narrowband services with no exogenous adjustments*
 - *No forced unbundling of broadband network elements*
 - *No regulation of broadband services*

